

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF IOWA**

In re:)) Chapter 11
))
MERCY HOSPITAL, IOWA CITY, IOWA, <i>et al.</i> ,)	Case No. 23-00623 (TJC)
)	
Debtors.)	Jointly Administered
)	
)	Related to Docket No. 259

**COMPENSATION REPORT OF TONEYKORF PARTNERS, LLC
FOR THE PERIOD FROM FEBRUARY 1, 2024 THROUGH MARCH 31, 2024**

In accordance with the *Order Authorizing Debtors to Retain ToneyKorf Partners, LLC as Interim Management of the Debtors, Effective as of the Petition Date Pursuant to Section 363 of the Bankruptcy Code, and Granting Related Relief* [Docket No. 259] (the “Retention Order”) and pursuant to the terms of the engagement letter dated March 30, 2023 (the “Engagement Letter”), ToneyKorf Partners, LLC (“ToneyKorf Partners”) hereby submits its report of compensation earned and expenses incurred (the “Compensation Report”) for the period of February 1, 2024 through March 31, 2024 (the “Report Period”), and in support of such report respectfully represents:

1. The Debtors appointed Mark E. Toney to serve as the Chief Restructuring Officer (“CRO”), James R. Porter to serve as the Chief Financial Officer (“CFO”), and Christopher P. Karambelas to serve as the Chief Information Officer and Chief Operating Officer (“CIO/COO”) as set forth in the Engagement Letter. The Engagement Letter further states that ToneyKorf Partners will provide additional personnel to assist Mr. Toney, Mr. Porter, and Mr. Karambelas with the restructuring efforts and other business of the Debtors (the “Temporary Staff”), as set forth more fully in the Engagement Letter.

2. The Retention Order provides that ToneyKorf Partners shall file with this Court, and provide notice to the Office of the United States Trustee for the Northern District of Iowa (the “U.S. Trustee”) and any official committees of, a report of staffing on the engagement for the previous month that includes the names and functions of each of the individuals assigned (each, a “Staffing Report”). *See* Retention Order, ¶ 3(c). The Staffing Report for the period February 1, 2024 to February 29, 2024 was filed on March 20, 2024 [Docket No. 852], and the Staffing Report for the period March 1, 2024 to March 31, 2024 was filed on April 19, 2024 [Docket No. 972].

3. The Retention Order also provides that ToneyKorf Partners shall file reports of compensation earned and expenses incurred for a sixty-day period. *See* Retention Order, ¶ 3(e). Accordingly, ToneyKorf Partners has prepared a summary report of compensation earned and expenses incurred for the Report Period, attached hereto as Exhibits A-F. Attached hereto as Exhibit A is a summary chart that discloses the names, functions filled, hours worked, and compensation by the CRO, CFO, CIO/COO, and the Temporary Staff for the Report Period. Attached hereto as Exhibit B is a summary chart that discloses the hours worked and compensation by category for the Report Period. Attached hereto as Exhibit C is a summary of hours worked and compensation by category by each ToneyKorf Partners professional for the Report Period. Attached hereto as Exhibit D is a description of hours worked by category for the Report Period. Attached hereto as Exhibit E is a summary of expenses incurred by category for the Report Period. Attached hereto as Exhibit F is an itemized list of expenses incurred for the Report Period.

Dated: May 15, 2024

/s/ Mark E. Toney
Mark E. Toney
Senior Managing Director
ToneyKorf Partners, LLC

EXHIBIT A

MERCY HOSPITAL, IOWA CITY, IOWA, et al., - CASE NO. 23-00623 (TJC)
COMPENSATION REPORT FOR THE PERIOD FEBRUARY 1, 2024 TO MARCH 31, 2024
SUMMARY OF COMPENSATION EARNED BY PROFESSIONAL

Senior Management	Position	Rate	Hours	Amount
Mark Toney	Chief Restructuring Officer	\$ 1,050	175.7	\$ 184,485.00
Jim Porter	Chief Financial Officer	810	204.3	165,483.00
Chris Karambelas	Chief Information Officer / Chief Operating Officer	725	121.1	87,797.50
Subtotal			501.1	\$ 437,765.50

Other Professionals	Position	Rate	Hours	Amount
Peg Brubaker	Vice President of Human Resources	\$ 685	119.8	\$ 82,063.00
Jamy Houck	Manager of Administration and Communications	660	15.6	10,296.00
Dennis Rodriguez	Finance Manager	645	128.9	83,140.50
Kara Borodkin	Treasury and Finance Manager	335	200.7	67,234.50
Subtotal			465.0	\$ 242,734.00

Total Hours and Fees	966.1	\$ 680,499.50
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Discounts:

Travel Discount at 50% ⁽¹⁾	(11,692.50)
Senior Management Contractual Discount ⁽²⁾	-

Total Discounts	\$ (11,692.50)
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Net Fees	\$ 668,807.00
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Expenses⁽³⁾	\$ 9,742.91
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Total Billed	\$ 678,549.91
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Notes:

(1) Travel time is discounted at 50% for all professionals.

(2) Because of a decrease in hours worked, the fees of the CFO and CIO/COO did not exceed the cap per the engagement letter. Hence, no discount was due.

(3) Expenses represent amounts recorded to date and do not represent full amounts incurred. Further expenses may be reported after this reporting period.

EXHIBIT B

MERCY HOSPITAL, IOWA CITY, IOWA, et al., - CASE NO. 23-00623 (TJC)
COMPENSATION REPORT FOR THE PERIOD FEBRUARY 1, 2024 TO MARCH 31, 2024
SUMMARY BY CATEGORY

Category	Hours	Amount
01 Business Operations	422.1	\$ 276,117.75
02 Cash Management & Financing	84.3	50,547.50
03 Post-Closing UI Transition Services	24.5	16,797.50
04 Asset Sale	22.4	21,097.50
09 Bankruptcy Reporting	95.7	60,394.50
10 Claims Admin	83.7	56,566.00
11 DS & POL	147.9	130,650.00
13 Litigation	1.2	1,260.00
14 Other BK Matters	9.1	9,003.00
16 Bankruptcy Meetings and Communications	32.2	23,161.25
17 Court Hearings	4.4	4,620.00
19 Compensation and Staffing Reports	10.7	6,899.50
20 Travel Time	28.0	23,385.00
Total Hours / Fees	966.1	\$ 680,499.50

EXHIBIT C

MERCY HOSPITAL, IOWA CITY, IOWA, et al., - CASE NO. 23-00623 (TJC)
COMPENSATION REPORT FOR THE PERIOD FEBRUARY 1, 2024 TO MARCH 31, 2024
SUMMARY BY CATEGORY BY PROFESSIONAL

	Hours	Amount
01 Business Operations		
Mark Toney	46.1	\$ 48,352.50
Jim Porter	86.9	70,389.00
Chris Karambelas	54.2	39,295.00
Peg Brubaker	103.3	70,726.25
Jamy Houck	4.9	3,234.00
Dennis Rodriguez	5.3	3,418.50
Kara Borodkin	121.5	40,702.50
01 Business Operations Total	422.1	\$ 276,117.75
02 Cash Management & Financing		
Mark Toney	13.8	\$ 14,437.50
Jim Porter	26.3	21,303.00
Chris Karambelas	-	-
Peg Brubaker	-	-
Jamy Houck	-	-
Dennis Rodriguez	-	-
Kara Borodkin	44.2	14,807.00
02 Cash Management & Financing Total	84.3	\$ 50,547.50
03 Post-Closing UI Transition Services		
Mark Toney	-	\$ -
Jim Porter	6.0	4,860.00
Chris Karambelas	-	-
Peg Brubaker	16.4	11,234.00
Jamy Houck	-	-
Dennis Rodriguez	-	-
Kara Borodkin	2.1	703.50
03 Post-Closing UI Transition Services Total	24.5	\$ 16,797.50
04 Asset Sale		
Mark Toney	13.9	\$ 14,595.00
Jim Porter	4.0	3,240.00
Chris Karambelas	4.5	3,262.50
Peg Brubaker	-	-
Jamy Houck	-	-
Dennis Rodriguez	-	-
Kara Borodkin	-	-
04 Asset Sale Total	22.4	\$ 21,097.50

EXHIBIT C

MERCY HOSPITAL, IOWA CITY, IOWA, et al., - CASE NO. 23-00623 (TJC)
COMPENSATION REPORT FOR THE PERIOD FEBRUARY 1, 2024 TO MARCH 31, 2024
SUMMARY BY CATEGORY BY PROFESSIONAL

	Hours	Amount
09 Bankruptcy Reporting		
Mark Toney	-	\$ -
Jim Porter	1.6	1,296.00
Chris Karambelas	18.8	13,630.00
Peg Brubaker	-	-
Jamy Houck	-	-
Dennis Rodriguez	65.3	42,118.50
Kara Borodkin	10.0	3,350.00
09 Bankruptcy Reporting Total	95.7	\$ 60,394.50
10 Claims Admin		
Mark Toney	4.0	\$ 4,200.00
Jim Porter	5.7	4,617.00
Chris Karambelas	16.9	12,252.50
Peg Brubaker	-	-
Jamy Houck	-	-
Dennis Rodriguez	52.8	34,056.00
Kara Borodkin	4.3	1,440.50
10 Claims Admin Total	83.7	\$ 56,566.00
11 DS & POL		
Mark Toney	68.0	\$ 71,400.00
Jim Porter	48.2	39,042.00
Chris Karambelas	22.5	16,312.50
Peg Brubaker	-	-
Jamy Houck	0.5	330.00
Dennis Rodriguez	2.1	1,354.50
Kara Borodkin	6.6	2,211.00
11 DS & POL Total	147.9	\$ 130,650.00
13 Litigation		
Mark Toney	1.2	\$ 1,260.00
Jim Porter	-	-
Chris Karambelas	-	-
Peg Brubaker	-	-
Jamy Houck	-	-
Dennis Rodriguez	-	-
Kara Borodkin	-	-
13 Litigation Total	1.2	\$ 1,260.00

EXHIBIT C

MERCY HOSPITAL, IOWA CITY, IOWA, et al., - CASE NO. 23-00623 (TJC)
COMPENSATION REPORT FOR THE PERIOD FEBRUARY 1, 2024 TO MARCH 31, 2024
SUMMARY BY CATEGORY BY PROFESSIONAL

	Hours	Amount
14 Other BK Matters		
Mark Toney	7.5	\$ 7,875.00
Jim Porter	-	-
Chris Karambelas	1.2	870.00
Peg Brubaker	-	-
Jamy Houck	-	-
Dennis Rodriguez	0.4	258.00
Kara Borodkin	-	-
14 Other BK Matters Total	9.1	\$ 9,003.00
16 Bankruptcy Meetings and Communications		
Mark Toney	4.9	\$ 5,145.00
Jim Porter	18.6	15,066.00
Chris Karambelas	-	-
Peg Brubaker	0.2	102.75
Jamy Houck	-	-
Dennis Rodriguez	-	-
Kara Borodkin	8.5	2,847.50
16 Bankruptcy Meetings and Communications Total	32.2	\$ 23,161.25
17 Court Hearings		
Mark Toney	4.4	\$ 4,620.00
Jim Porter	-	-
Chris Karambelas	-	-
Peg Brubaker	-	-
Jamy Houck	-	-
Dennis Rodriguez	-	-
Kara Borodkin	-	-
17 Court Hearings Total	4.4	\$ 4,620.00
19 Compensation and Staffing Reports		
Mark Toney	-	\$ -
Jim Porter	-	-
Chris Karambelas	-	-
Peg Brubaker	-	-
Jamy Houck	10.2	6,732.00
Dennis Rodriguez	-	-
Kara Borodkin	0.5	167.50
19 Compensation and Staffing Reports Total	10.7	\$ 6,899.50

EXHIBIT C

MERCY HOSPITAL, IOWA CITY, IOWA, et al., - CASE NO. 23-00623 (TJC)
COMPENSATION REPORT FOR THE PERIOD FEBRUARY 1, 2024 TO MARCH 31, 2024
SUMMARY BY CATEGORY BY PROFESSIONAL

	Hours	Amount
20 Travel Time		
Mark Toney	12.0	\$ 12,600.00
Jim Porter	7.0	5,670.00
Chris Karambelas	3.0	2,175.00
Peg Brubaker	-	-
Jamy Houck	-	-
Dennis Rodriguez	3.0	1,935.00
Kara Borodkin	3.0	1,005.00
20 Travel Time Total	28.0	\$ 23,385.00
Total	966.1	\$ 680,499.50

EXHIBIT D

MERCY HOSPITAL, IOWA CITY, IOWA, et al., - CASE NO. 23-00623 (TJC)
COMPENSATION REPORT FOR THE PERIOD FEBRUARY 1, 2024 TO MARCH 31, 2024
CATEGORY DESCRIPTIONS

01 Business Operations

Issues related to debtor-in-possession wind down operations in chapter 11, including duties of the CRO, CFO, COO/CIO, and Vice President of Human Resources. Management of the operations of the Debtors, including:

- a) CRO oversaw and managed aspects of the Debtors' wind down and post-sale operations. Planned overall case strategy, and managed bankruptcy professionals assisting the Debtors with various tasks. Led communications to the Board of Directors, community leaders, and media inquiries. Managed communication plans and deliverables for key stakeholders. Reviewed workers' compensation plans and coordinated strategy for wind down of the trust. Oversaw reviews of risk management, medical malpractice, and/or tail insurance issues and topics. Oversaw and assisted in strategy for HR matters, including retirement plan wind-downs and record retention;
- b) CFO managed the Debtors' financial and treasury functions, focused on cash generation and preservation, and managed the preparation of periodic reports required by the Bankruptcy Court or which are customarily issued by the Company's CFO. Coordinated cash flow efforts, oversaw budget and actual cash flow, operating loss, funding requirements, and other needs as necessary. Prepared presentations related to the Company's financial affairs and bankruptcy progress for the Board of Directors. Planned certain aspects of the Debtors' wind down and post-sale operations, including final audits and financial reporting and projections, post-closing accounts receivable wind down and transition of revenue cycle services to a new vendor, funding from the Mercy Foundation, and various human resources, pension, and PTO matters;
- c) CIO/COO oversaw and led the wind down of non-transitioning operational programs. Prepared non-transitioning assets for liquidation/sale. Oversaw and led the migration of emails to new Mercy estate tenant. Coordinated extraction of historical payroll and timesheet data;
- d) VP of Human Resources oversaw the wind down of human resources and benefit functions, including the defined benefit retirement plan, termination of the 401(k), 403(b), and 457(b) plans, health and dental insurance, disability insurance, and workers' compensation. Responded to defined benefit pension inquiries, provided and processed pension commencement requests. Provided and verified demographic and financial data for defined benefit pension valuation; and
- e) Temporary Staff supported senior management as noted above, including preparing various weekly, monthly, and ad hoc financial and operational reports, both for operations, external reporting to stakeholders, and bankruptcy court. Managed the treasury function and prepared reporting for CRO and CFO. Worked with various leaders on vendor relations. Assisted with communications to the press on behalf of the Debtors.

02 Cash Management & Financing

Supported cash and liquidity management activities, including assisting with the preparation and maintenance of debtor-in-possession post-closing cash flow forecasts and variance analyses. Reviewed and approved vendor payments.

EXHIBIT D

MERCY HOSPITAL, IOWA CITY, IOWA, et al., - CASE NO. 23-00623 (TJC)
COMPENSATION REPORT FOR THE PERIOD FEBRUARY 1, 2024 TO MARCH 31, 2024
CATEGORY DESCRIPTIONS

03 Post-Closing UI Transition Services

Provided post-closing employee, benefit, and payroll-related transition services to Buyer as agreed upon in the Transition Services Agreement between the Debtors and University of Iowa Health Care.

04 Asset Sale

Executed on the strategy for the sale of the non-transitioning assets, including the joint ventures and real estate, and coordinated the sale process for the same.

09 Bankruptcy Reporting

Oversaw and addressed administrative and/or reporting matters related to bankruptcy reporting. Analyzed contracts in connection with the cure analysis, and list of contracts to be assumed or rejected. Supported efforts to prepare bankruptcy-related matters, including Monthly Operating Reports (MORs), and other bankruptcy reporting requirements. Coordinated with the Debtors' claims agent.

10 Claims Admin

Reviewed and analyzed claims database, claims register, and claims analysis provided by the Debtors' Claims Agent, Epiq.

11 Disclosure Statement & Plan of Liquidation

Developed, analyzed, and negotiated the Plan of Liquidation, including a liquidation analysis, in coordination with counsel and key stakeholders. Reviewed and directed asset recovery and administrative claims in the waterfall analysis. Reviewed treatment of asset classes and distribution of post-closing funds in wind down. Oversaw communications with the Bondholders, Unsecured Creditors' Committee, and Pension Committee advisors and participated in the facilitated conference with the same parties regarding the Plan of Liquidation and Disclosure Statement negotiations.

13 Litigation

Prepared for and held calls with counsels and potential party of causes of actions.

14 Other BK Matters

Addressed other bankruptcy matters, including docket and motion review, diligence on case structure, public documents, and information requests, and other matters. Developed plans and executed on the wind down of the Foundation and the Guild (non-Debtor entities).

16 Bankruptcy Meetings and Communications

Participated in bankruptcy meetings and general correspondence with UCC, Pension Committee, Creditors, Committee Professionals, Other Debtors Advisors, Bondholder's Advisors, or Other Professionals relating to various case updates.

EXHIBIT D

MERCY HOSPITAL, IOWA CITY, IOWA, et al., - CASE NO. 23-00623 (TJC)
COMPENSATION REPORT FOR THE PERIOD FEBRUARY 1, 2024 TO MARCH 31, 2024
CATEGORY DESCRIPTIONS

17 Court Hearings

Prepared for and participated in hearing(s). Prepared for potential testimony.

19 Compensation and Staffing Reports

Prepared and reviewed monthly invoices, staffing reports, and compensation reports.

20 Travel Time

Non-working time incurred traveling to and from business-related sites. For the purposes of this engagement, ToneyKorf Partners does not bill travel time over three hours, and applies a 50% reduction for travel billed.

EXHIBIT E

MERCY HOSPITAL, IOWA CITY, IOWA, et al., - CASE NO. 23-00623 (TJC)
COMPENSATION REPORT FOR THE PERIOD FEBRUARY 1, 2024 TO MARCH 31, 2024
SUMMARY BY EXPENSE TYPE

Expense Type	Total
Airfare	\$ 4,422.61
Ground Transportation	2,196.15
Lodging	678.39
Meals	248.42
Miscellaneous / Other	2,197.34
Total	\$ 9,742.91

EXHIBIT F

MERCY HOSPITAL, IOWA CITY, IOWA, et al., - CASE NO. 23-00623 (TJC)
COMPENSATION REPORT FOR THE PERIOD FEBRUARY 1, 2024 TO MARCH 31, 2024
ITEMIZED EXPENSES BY CATEGORY

Name	Date	Expense Detail	Amount
Airfare			
Dennis Rodriguez	02/01/2024	Airfare - One way - CID to PBI	\$ 477.60
Mark Toney	02/02/2024	Airfare - One way - CID to FLL	\$ 329.75
Peg Brubaker	02/02/2024	Airfare - One way - CID to DCA	\$ 396.10
Peg Brubaker	02/06/2024	Airfare - One way - DCA to CID	\$ 396.10
Peg Brubaker	02/09/2024	Airfare - One way - CID to DCA	\$ 416.10
Jim Porter	03/17/2024	Airfare - Round trip - CLT to CID to NYC	\$ 752.60
Mark Toney	03/17/2024	Airfare - One way - FLL to CID (trip canceled, non-refundable fare)	\$ 651.10
Mark Toney	03/18/2024	Airfare - One way - CID to BNA (trip canceled, non-refundable fare)	\$ 147.06
Mark Toney	03/26/2024	Airfare - Round trip - FLL to CID	\$ 856.20
Airfare Total			\$ 4,422.61
Ground Transportation			
Dennis Rodriguez	02/01/2024	Taxi - From PBI to home	\$ 54.02
Dennis Rodriguez	02/01/2024	Taxi - From hotel to CID	\$ 55.00
Kara Borodkin	02/01/2024	Taxi - From airport to home	\$ 44.09
Chris Karambelas	02/01/2024	Taxi - From LGA to home	\$ 63.48
Mark Toney	02/02/2024	Car rental - Fuel	\$ 25.16
Mark Toney	02/02/2024	Car rental - 16 days	\$ 1,047.42
Peg Brubaker	02/02/2024	Taxi - From DCA to home	\$ 109.20
Peg Brubaker	02/06/2024	Taxi - From home to DCA	\$ 85.57
Peg Brubaker	02/09/2024	Car rental - Fuel	\$ 6.19
Peg Brubaker	02/09/2024	Car rental - 4 days	\$ 310.78
Peg Brubaker	02/09/2024	Taxi - From DCA to home	\$ 112.37
Jim Porter	03/17/2024	Parking - CLT 1 day	\$ 32.00
Jim Porter	03/18/2024	Parking - CLT 1 day	\$ 32.00
Jim Porter	03/18/2024	Car rental - Fuel	\$ 6.23
Jim Porter	03/18/2024	Car rental - 1 day	\$ 138.32
Mark Toney	03/27/2024	Car rental - 2 days	\$ 74.32
Ground Transportation Total			\$ 2,196.15
Lodging			
Peg Brubaker	02/09/2024	Lodging - 3 nights (2/6 to 2/9)	\$ 303.06
Jim Porter	03/18/2024	Lodging - 1 night (3/18 to 3/19)	\$ 140.31
Mark Toney	03/26/2024	Lodging - 1 night (3/26 to 3/27)	\$ 235.02
Lodging Total			\$ 678.39

EXHIBIT F

MERCY HOSPITAL, IOWA CITY, IOWA, et al., - CASE NO. 23-00623 (TJC)
COMPENSATION REPORT FOR THE PERIOD FEBRUARY 1, 2024 TO MARCH 31, 2024
ITEMIZED EXPENSES BY CATEGORY

Name	Date	Expense Detail	Amount
Meals			
Mark Toney	02/01/2024	Meal - Dinner - 2 people	\$ 99.00
Dennis Rodriguez	02/01/2024	Meal - Breakfast	\$ 33.24
Mark Toney	02/02/2024	Meal - Breakfast	\$ 23.66
Jim Porter	03/18/2024	Meal - Dinner	\$ 50.00
Jim Porter	03/19/2024	Meal - Breakfast	\$ 12.52
Mark Toney	03/26/2024	Meal - Dinner	\$ 30.00
Meals Total			\$ 248.42
Miscellaneous / Other			
Mark Toney	02/02/2024	Other - Return of unused shipping boxes	\$ (5.20)
Mark Toney	02/02/2024	Other - Shipping of files	\$ 84.76
Jamy Houck	02/25/2024	Other - Monthly Gazette Subscription	\$ 12.99
Chris Karambelas	02/26/2024	Other - GoDaddy Subscription for mercyestate.org	\$ 10.17
Chris Karambelas	03/05/2024	Other - Monthly Microsoft licensing costs for Mercy Estate (x2 licenses)	\$ 15.68
Jamy Houck	03/24/2024	Other - Monthly Gazette Subscription	\$ 12.99
Peg Brubaker	03/25/2024	Other - For local party to pick up records	\$ 55.95
Mark Toney	03/26/2024	Other - Inflight Internet for Communicating with Counsel	\$ 8.00
ToneyKorf Partners	03/31/2024	Other - Legal fees regarding governance and retention	\$ 2,002.00
Miscellaneous / Other Total			\$ 2,197.34
Grand Total			\$ 9,742.91